STANDARD PROCEDURES	PROCEDURES NO./J.O. NO. 7310.229
CHECK ONE [X] Operating [ ] Administrative [ ] Job Outline [ ] Policy Statements [ ] Management Guidelines	ORGANIZATION CODE: JA
SUBJECT Preparation, Review, Approval, Processing, and Retention of Accounting Adjustments for Disbursements and Collections	REVISION NO. 2
	DISTRIBUTION:
	SUPERSEDES SOP 7310.03 Rev 2

1. PURPOSE AND SCOPE

1.1. This procedure establishes guidelines and audit controls for the proper preparation, review, approval, processing, and retention of accounting adjustments for disbursement and collection transactions for the Department of Navy General Fund (TI17 and TI97) and the Department of the Navy Working Capital Fund (97x4930). For a list of Department of the Navy (DoN) and Defense Finance and Accounting Service (DFAS) systems covered by this procedure, see Section 6. For non-Navy systems, Department of Defense Financial Management Regulations (DoDFMR) Volume 5, Chapter 11, Disbursements, Section 110101 and Volume 10, Chapter 10, Contract Payment and Policy Procedures, Section 100201, still apply.

1.2. Standard Accounting and Reporting System - Field Level (STARS-FL) vouchers which have an “E” in the last position of the Voucher Number data field are not covered by this procedure. These are automated accounting adjustments which STARS-FL systematically generates when it receives a disbursement or collection transaction on the Defense Cash Accountability System (DCAS) Daily Expenditure File (DDEF) or the DCAS Monthly Expenditure File (DMEF) and which it posts to the appropriate obligation, payable, or receivable based on internal system logic.

1.3. This procedure is applicable to all Department of the Navy (DoN) activities, including the Marine Corps, Defense Finance and Accounting Service (DFAS) sites accounting for DoN funds, and any Department of Defense (DoD) activity that impacts a Navy line of accounting (LOA). These procedures supplement, but do not supercede, existing regulations on processing SF 1081s, such as DFAS-IN 37-1 Regulation for Army Financial Management, Chapter 16, Accounting for Disbursements, Collections and Adjustments; DoD FMR Vol. 5, Chapter 11, Disbursements; and DoD FMR Vol. 6A, Chapter 2, Financial Reports Roles and Responsibilities.

1.4. This procedure establishes a requirement that all accounting adjustments within scope of the procedure be supported by a properly prepared, certified, and supported SF 1081, Voucher and Schedule of

Withdrawals and Credits. An accounting adjustment as defined by this procedure is any adjustment to the line of accounting data elements which results in a new set of transactions (the reversal of the original transaction and the new correcting transaction) being created and then registered through the Defense Cash Accountability System (DCAS) to the Department of the Treasury. The accounting adjustment can be for correcting an unmatched transaction (either a disbursement or a collection), an in-transit transaction, or a transaction that suspended to the Budget Clearing Accounts (17 F 38** series).

1.5. This procedure does not apply to transactions that have suspended in STARS on the 1960 suspense file due to an invalid standard document number (SDN) or because of insufficient obligation. If a correction involves only changing the SDN or adjusting the obligation amount, then this does not involve changing any of the accounting elements in the Line of Accounting (LOA) and thus does not qualify as a "transfer" or an "accounting adjustment". If a 1960 correction involves changing any of the accounting elements in the LOA (see section 5.7 for a complete list of accounting elements), then this counts as a "transfer" between two different LOAs and an SF 1081 is required.

1.6. This procedure establishes the dollar threshold categories for the approval/certification of accounting adjustments (see Section 9.2).

1.7. A control log is no longer necessary for keeping track of SF 1081 transactions. Since all SF 1081 transactions must be processed electronically, the Disbursing Office voucher number (DOV) is assigned automatically by the system, and it is generally not possible for the person completing the SF 1081 form to know what voucher number will be assigned. For audit purposes, both STARS and DCAS can produce system logs and reports that provide a complete list of SF 1081 transactions. For accounting adjustments that do not affect Treasury or for offline manual processes that are used to generate reports at the summary level for reconciling the General Ledger accounts to Fund Balance with Treasury, please refer to DoDFMR Volume 6A, Chapter 2, Section 020208 for instructions on Journal Voucher (JV) Preparation. Although the JV form (OF 1017G) is similar to the SF 1081 and involves many of the same procedures, this SOP does not apply to OF 1017G transactions.

1.8. This procedure supersedes SOP 7310.03 Preparation and Use of the Standard Form (SF) 1081 for Accounting Adjustments.

1.9. This procedure does not replace the *Closed Appropriation Transaction Processing* (SOP 7310.05).

2. INTRODUCTION

2.1. The proper preparation and submission of the accounting adjustment document is a critical factor to prevent duplicate or erroneous entries in the accounting records, as well as to support the adjustment transaction for audit purposes.

2.2. The purpose of this procedure is to strengthen the internal controls for DFAS and DoN in regards to the proper preparation, review, approval, processing, and retention of accounting adjustments to disbursement and collection transactions.

3. RESPONSIBILITIES

3.1. The responsibility for the detection, resolution, and analysis of the root cause for unmatched transactions in the accounting system, an in-transit transaction, or a Budget Clearing Account transaction is a collaborative effort between DFAS and DoN.

3.2. Either DFAS or DoN can initiate, prepare, review, approve, and certify an accounting adjustment and submit it forward for processing. The activity requesting the accounting adjustment is responsible for completing the required forms and providing sufficient supporting documentation. For the purposes of these procedures, the "preparer", "originator", or "originating activity" is defined as the person or activity initiating the request. However, only DFAS will maintain the responsibility for the actual posting of the accounting adjustment into the accounting system. The exceptions to this are Disbursing Officers which have the responsibility for correcting transactions they originated under their DSSN which either (1) posted to one of the Budget Clearing Accounts (17F38** appropriations) and must be adjusted to cite the correct appropriation once the disbursing office staff completes its research or (2) cited a Deposit Account (17X6*** appropriations) and must be adjusted after research or follow-on actions are completed.

3.3. Any transactions that originated and/or are disbursed in the Mechanization of Contract Administration Services (MOCAS) system need to be corrected using the Standard Contract Reconciliation Tool (SCRT) at DFAS Columbus (DFAS-CO). These are identified by the following DSSNs: 8558, 8565, and 8538. The preparation, review, approval, and certification process remains the same for these transactions, but the processing of the adjustment differs.

3.4. The preparer (DFAS or DoN) is responsible for ensuring adequate funding is obligated within the system prior to submitting the accounting adjustment for processing. If funding is not adequate, the DoN is the primary point of contact for providing additional funds. However, the requirements outlined in Department of Defense Financial Management Regulation (DoDFMR) Volume 3, Chapter 11 still apply.

3.5. The preparer (DFAS or DoN) is responsible for ensuring adequate comments are included on the accounting adjustment which support and justify why it must be processed. At a minimum, the comments must clearly explain why the adjustment is being done and how the corrective action was determined while referring to the source documents if not attached as supporting documentation. When applicable and to the extent practical, additional supporting documentation should be attached to the accounting adjustment form.

3.6. When an optional review is utilized, the reviewer (DFAS or DoN), is responsible for verifying that the form is filled out correctly, the line of accounting (LOA) information is accurate, and sufficient obligation exists to post the disbursement.

3.7. The approver’s signature is no longer required. Prior to this SOP, the approver was responsible for reviewing the “billing agency” side of the transaction and verifying that the control log had been updated before sending the form to the “customer agency” for certification. The control log is no longer used for SF 1081 transactions and since the certifying officer’s signature represents the legal authority to process the transaction, a separate approval step was redundant. If the approver’s signature is left blank, then the certifying officer acts as both the approver and certifier.

Some agencies may still use a separate approval step. In this case, the approver must not be the same person as the preparer, and they must meet the dollar amount thresholds as specified in Section 9.2.

3.8. The certifying officer is responsible for reviewing the accounting adjustment and supporting documentation prior to certifying. The certifying officer may sign as both the approver and certifier, but must not be the same person as the preparer. The certifying officer is a DoD employee that is appointed to certify to Disbursing Officers and their agents that vouchers are correct and proper for payment. The certifying officer must complete the Certifying Officer Legislation training and have a DD-577 card on file or other written authorization from their chain of command authorizing them to certify SF 1081s. Please refer to DoDFMR Volume 5, Chapter 33 for additional guidelines regarding the appointment and requirements for certifying officers. As with the approver, the certifying officer must also comply with the dollar amount thresholds specified in Section 9.2.

SF 1081 transfers are “no check drawn” transactions and do not fall under Certifying Officer Legislation (Public Law 104-106). Since the transfer is between appropriations, funds never leave the Treasury, thus there is no loss of funds. However, the certifying officer is still legally responsible for making sure the transaction complies with all applicable laws and regulations, such as the Federal Managers Financial Integrity Act (Public Law 97-255) and the Anti-Deficiency Act (Public Law 97-258).

3.9. For accounting adjustments within the same agency, the certifying officer at the initiating activity (representing both the "billing agency" and "customer agency") acts as both the approver and certifier. If a separate approver and certifying officer is used for two different DoN activities (but within the same agency), then the "billing agency" is responsible for approving the "credit" side of the transaction and the "customer agency" is responsible for certifying the "debit" side of the transaction. If the approver's signature is left blank, then the certifying officer acts as both the approver and certifier.

3.10. For accounting adjustments between different agencies, the coordination between the "billing agency" (the organization receiving the credit) and the "customer agency" (the organization receiving the debit side of the transaction) is the primary responsibility of the activity initiating the accounting adjustment, which can be either DFAS or DoN. For the purposes of these procedures, "between different agencies" means that one of the agencies is not part of the DoN or DFAS, such as a different branch of the DoD (Army, Air Force, etc.) or a different agency outside of the DoD. In general, the "customer agency" is responsible for certifying the transaction, but if the other agency is outside of the DoN or DFAS, it may not be practical or possible for them to certify. In this case, the certifying officer representing the DoN or DFAS may certify on the other agency's behalf provided there is sufficient supporting documentation to show that the non-DoN or non-DFAS agency has approved and accepted the transaction.

3.11. Unless otherwise agreed to in a Memorandum of Understanding (MOU) or Mission Work Agreement (MWA), DFAS is responsible for the final input of the accounting adjustment into the applicable system for processing - whether it be posting it directly into the specific accounting system, certifying it through the Defense Cash Accountability System (DCAS), the Transactions For Others/Transactions By Others (TFO/TBO) system, or other system. As mentioned previously, the exceptions to this are Disbursing Officers which have the responsibility for correcting transactions they originated under their DSSN which either (1) posted to one of the Budget Clearing Accounts (17F38** appropriations) and must be adjusted to cite the correct appropriation once the disbursing office staff completes its research or (2) cited a Deposit Account

(17X6*** appropriations) and must be adjusted after research or follow-on actions are completed.

3.12. DFAS is responsible for the scanning of the accounting adjustment and all provided supporting documentation into the Central Electronic Document Management System (CEDMS) for retention.

3.13. DFAS is responsible for conducting the Post Processing Review of accounting adjustments.

3.14. DFAS is responsible for preparing monthly metrics on compliance with this SOP.

4. REFERENCES

4.1. Department of Defense Financial Management Regulation (DoDFMR), Volume 1, Chapter 9, Financial Records Retention, dated April 2009 or later.

4.2. Department of Defense Financial Management Regulation (DoDFMR), Volume 3, Chapter 10, Accounting Requirements for Expired and Closed Accounts, dated June 2009 or later.

4.3. Department of Defense Financial Management Regulation (DoDFMR), Volume 3, Chapter 11, Unmatched Disbursements, Negative Unliquidated Obligations, and In-transit Disbursements, dated November 2008 or later.

4.4. Department of Defense Financial Management Regulation (DoDFMR), Volume 5, Chapter 10, Collections, dated June 2009 or later.

4.5. Department of Defense Financial Management Regulation (DoDFMR), Volume 5, Chapter 11, Disbursements, dated March 2009 or later.

4.6. Department of Defense Financial Management Regulation (DoDFMR), Volume 5, Chapter 33, Certifying Officers, dated August 2010 or later.

4.7. Department of Defense Financial Management Regulation (DoDFMR), Volume 6A, Chapter 2, Financial Reports Roles and Responsibilities, dated November 2008 or later.

4.8. Department of Defense Financial Management Regulation (DoDFMR), Volume 10, Chapter 10, Payment Vouchers – Special Applications, dated June 1997 or later.

4.9. Department of Defense Financial Management Regulation (DoDFMR), Volume 10, Chapter 20, Contract Reconciliation, dated May 2009 or later.

4.10. Department of Treasury, Financial Management Service (FMS), Treasury Financial Manual.

4.11. DFAS-IN 37-1 Regulation for Army Financial Management, Chapter 16, Accounting for Disbursements, Collections and Adjustments, dated February 19, 2004.

4.12. DFAS-CL SOP 7310.05, Closed Appropriation Transaction Processing, dated October 25, 2001.

5. TERMINOLOGY

5.1. Current Appropriation. This is an appropriation that is available for obligation and expenditure.

5.2. Expired Appropriation. An appropriation whose period of availability for incurring new obligations has expired, but is not closed (canceled). During the expiration period, the appropriation is available for adjustment to, or payment of, existing obligations. Appropriations generally remain in an expired status for five years although some have longer lives (i.e. Shipbuilding and Conversion Navy - SCN). At the end of the five-year expiration period, the appropriation is closed (canceled) and is no longer available for the payment of unliquidated obligations.

5.3. Closed (Canceled) Appropriation. An appropriation that is no longer available for the payment of obligations. Appropriations are closed (canceled) after being in the expired status for five years, except where extended, such as shipbuilding and conversion. Once these appropriations are closed (canceled), no payments may be made.

5.4. Disbursing Station Symbol Number (DSSN). A four-digit number assigned to each disbursing office by the Department of the Treasury. The DSSN is an identification number that indicates authority to receive and disburse public funds and issue checks on the Treasury of the United States. Within the Cleveland/Navy systems, a prefix is often used to further identify the originator within the Disbursing Office.

5.5. Disbursement. An expenditure of funds paid out of an appropriation, which must be matched up with a properly recognized obligation. May also be referred to as the “debit” side of the transaction.

5.6. Collection. A receipt of funds paid into an appropriation. May also be referred to as the "credit" side of the transaction.

5.7. Navy Line of Accounting (LOA) Elements. For information regarding the Navy LOA structure, see below:

Navy Line of Accounting

ACRN	DPT	FY	BAS	SBHD	OC	BCN/OB	SA	AAA	TT	PAA	CC	SDN
AA	17	8	1804	11A0	026	62767	0	068892	2D	ONTMAO	62767470500T	N6276708TONTMAO

5.7.1. Accounting Classification Reference Number (ACRN). Identifies a specific LOA based on the data elements in the classification code and keys automated systems to identify the rest of the accounting classification code data. The same ACRN cannot apply to more than one LOA in the same source document.

5.7.2. Department Code (DPT). A two-digit field used to indicate the DoD Service, such as 17 for Navy. This can also be referred to as the Gaining Agency or Treasury Index.

5.7.3. Fiscal Year (FY). The beginning Fiscal Year consists of a numeric code used to identify the last two positions of the fiscal year in which the appropriation first became eligible for obligation. Often seen within the LOA as a single digit, consisting of the last digit of the Beginning Fiscal Year. For example, Fiscal Year 2008 would be shown as 8.

5.7.4. Basic Symbol (BS). A four-digit code established by the Department of the Treasury to identify appropriations, funds, and accounts. This is also known as the Fund Symbol or Appropriation Account Symbol.

5.7.5. Subhead/Limit (SBHD). Used to further identify charges and credits to the first level of the appropriation/fund subdivisions. Normally, the first two digits identify the administering office (i.e., the Major Command). Normally, the second two digits identify the purpose of the subhead.

5.7.6. Object Class Code (OC). Categorizes expenditures to aid in developing budget requests to Congress based on the nature of the services, articles, or other items for which funds were obligated/expended. Indicates reimbursement sources.

5.7.7. Bureau Control Number/Operating Budget (BCN/OB). If the appropriation is an allotment, the first two digits are the budget project number, and the last three digits are the allotment serial number. If the appropriation is Operations and Maintenance (O&M),

the BCN identifies the activity or ship to which the allotment was issued (such as the activity's Unit Identification Code (UIC)).

5.7.8. Sub-allotment Number (SA). Used when more than one operating budget is used by a single UIC under the same subhead.

5.7.9. Authorized Accounting Activity (AAA). The accounting activity designated to perform accounting for an allotment and/or sub-allotment. This may be the five-digit UIC assigned to the activity - as necessary, preceded by zero to fill to six positions. Outside the DoN, generally referred to as the Fiscal Station Number (FSN) or Accounting and Disbursing Symbol Number (ADSN).

5.7.10. Transaction Type Code (TT). Identifies payments by purpose/category.

5.7.11. Property Accounting Activity (PAA). Used for temporary additional duty or equipment purchases.

5.7.12. Cost Code (CC). Provides the source of information needed in the preparation of reports that require detail below the level identified in the accounting classification code. Used at the local level for identification of transactions. For most DoN transactions, the Cost Code is the 11-digit Job Order Number (JON) plus the 1-digit Expense Element (EE), although other systems may use this field for different purposes. The terms Cost Code and JON are often used interchangeably.

5.7.13. Standard Document Number (SDN). Identifies a specific LOA or obligating document within the general ledger accounting system. Although the SDN itself is generally not considered part of the LOA and many systems do not require a SDN as part of the accounting elements (particularly outside the DoN), the SDN is required for the transaction to properly post in STARS. The four numbering systems authorized for use by activities to identify financial documents are:

- Uniform Procurement Instrument Identification Numbers (PIIN)
- Military Standard Transactions Reporting and Accountability Procedures (MILSTRAP)/Military Standard Requisitioning and Issue Procedures (MILSTRIP) Numbering System
- DoD Grant and Agreement Numbering System
- Transportation Control Number System (TCN)

The SDN system is used for identifying all financial and financial-related documents not categorized above (i.e., Travel Orders, etc.). Refer to DFAS-CL SOP 7310.43, *Policy and Guidance Concerning the Use of Standard Document Numbers* (SDNs), for further information on the SDN.

6. SYSTEMS

6.1. General Fund accounting systems include Standardized Accounting and Reporting System - Field Level (STARS-FL); Standardized Accounting and Reporting System - Headquarters Claimant Module (STARS-HCM); Navy Enterprise Resource Planning (N-ERP); Defense Working Capital Fund Accounting System (DWAS) for Naval Facilities Engineering Logistics Command; Standard Accounting, Budget, and Reporting System (SABRS), etc.

6.2. Working Capital Fund accounting systems include Defense Working Capital Fund Accounting System (DWAS), Defense Industrial Financial Management System (DIFMS), Material Financial Control Systems (MFCS), Naval Research Lab Integrated Management Processing System (NRL-IMPS), Navy Enterprise Resource Planning (N-ERP), etc.

6.3. Accounting adjustments can be processed directly in the accounting systems listed, where applicable, as well as in Defense Cash Accountability System (DCAS) and Transaction For Others/Transactions By Others (TFO/TBO) system.

6.4. Corporate Electronic Document Management System (CEDMS) provides a centralized repository of digital documents for use by DFAS personnel and its clients and eliminates the need for retaining paper files.

6.5. This is not a complete and exclusive list. Any system that impacts a transfer of funds involving a DoN appropriation or LOA is subject to this procedure. As the DoN and DFAS continue to update and implement new technology initiatives, other systems may be added as necessary.

7. PROCEDURE: The procedures below refer to the proper preparation, review, approval, processing, and retention of accounting adjustments to disbursement and collection transactions citing current, expired, or closed appropriations.

7.1. As stated previously, the detection, resolution, and analysis of the root cause for unmatched transactions in the accounting system, in-transit transactions, or Budget Clearing Account transactions is a collaborative effort between DFAS and DoN. In addition to taking action to resolve these erroneous transactions, every effort must be made to identify the specific reason why the erroneous transaction resulted and then work with the originating entity to prevent further instances of the erroneous transaction.

7.2. DFAS or DoN will research the unmatched transaction, in-transit transaction, or Budget Clearing Account transaction to identify the appropriate corrective action.

7.3. Either DFAS or DoN will then originate the preparation of an accounting adjustment utilizing a SF 1081. The activity initiating the request is responsible for preparing and completing the SF 1081 form and providing sufficient supporting documentation.

7.3.1. Preparation of the SF 1081.

7.3.1.1. The preparer initiating a request for an accounting adjustment is responsible for ensuring adequate funding is obligated within the accounting system prior to submitting the accounting adjustment for processing. If funding is not adequate, the customer agency is the primary point of contact for providing additional funds. However, the requirements outlined in DoDFMR Volume 3, Chapter 11 still apply.

7.3.1.2. The preparer is responsible for ensuring adequate comments are included on the SF 1081 which support and justify why it must be processed. At a minimum, the comments must clearly explain why the adjustment is being made and how the corrective action was determined while referring to the source documents (if not attached as supporting documentation). When applicable and to the extent practical, additional supporting documentation should be attached to the SF 1081.

7.3.1.3. Guidance for preparing the SF 1081 is found in Section 9.3.

7.3.2. A review of the SF 1081 with supporting documentation is conducted by an individual (DFAS or DoN) independent of the preparer to verify that the form is filled out correctly, the line of accounting (LOA) information is accurate, and sufficient obligation exists to post the disbursement. The review of an SF 1081 prior to certification is an optional step, but is strongly encouraged to promote more effective internal controls.

7.3.3. The approval of the SF 1081 has been combined with the certification step, so a separate approver's signature is no longer necessary. For transactions within the same agency (i.e., the "billing agency" and the "customer agency" are the same activity), the certifying officer acts as both the approver and certifier, either by providing both the approver's signature and certifying officer's signature, or by signing as the certifying officer and leaving the approver's signature blank. For transactions between different agencies (i.e., between a DoN activity and a non-DoN activity), a separate approver may be used, in which case the approver reviews the "billing agency" side of the transaction before signing and sending the SF 1081 to the "customer agency" for certification. If the non-DoN activity provides sufficient supporting documentation showing that they have approved and accepted the transaction, the certifying officer may approve the transaction on the non-DoN activity's behalf.

7.3.4. A certification of the SF 1081 with supporting documentation is conducted by an appropriate official in accordance with the SF 1081 approval thresholds and checklist (see Section 9.2). The certifying officer may sign as both the approver and certifier, but must not be the same person as the preparer. The SF 1081 must include the contact information of the billing agency and certifier. If the transaction is between two different agencies (i.e., between a DoN activity and a non-DoN activity), then the approval and certification may be separate steps. In general, the "customer agency" is responsible for certifying the transaction, but it may not be practical or possible for the other agency to certify. In this case, the certifying officer representing the DoN or DFAS may certify on the other agency's behalf provided there is sufficient supporting documentation to show that the non-DoN or non-DFAS agency has approved and accepted the transaction. The certifier must have a DD577 if a DFAS employee. DoN staff who certify an SF 1081 should have either a DD577 on file or other written authorization from their chain of command authorizing them to certify SF 1081s. Please refer to DoDFMR Volume 5, Chapter 33 for additional guidelines regarding the appointment and requirements for certifying officers.

7.3.5. A completed SF 1081 with sufficient supporting documentation must be submitted to DFAS for processing, except when it involves a disbursing office adjusting a transaction it originated citing a Budget Clearing Account or Deposit Account appropriation. DFAS reviews the form, along with its supporting documentation, to ensure it was properly prepared prior to processing and contains sufficient supporting documentation. SF 1081s that are either improperly prepared or lacking sufficient supporting documentation will be returned to the originator for correction within 2 business days.

7.3.6. DFAS will process the accounting adjustment within 2 business days of receiving the properly prepared SF 1081.

7.3.7. DFAS notifies the originator that the accounting adjustment has been processed. Note that it could take 5-7 business days for the adjustment to flow through systems and post appropriately.

7.3.8. DFAS will submit for scanning the completed SF 1081 and any attached supporting documentation into the Corporate Electronic Document Management System (CEDMS) within 45 days of the transaction posting into the accounting system. Documents will be retained in CEDMS in accordance with DoDFMR Volume 1, Chapter 9, Paragraph 090201 "Financial Records Retention." This will provide an audit trail and documentation for research purposes.

7.3.9. DFAS will establish internal metrics and conduct a quality review. The timeliness of processing after receipt and the accuracy of submitted accounting adjustments will be tracked. Post-processing reviews will be performed as part of the DFAS Management Control Evaluation program.

7.3.10. All signatures can be either manual or electronic. If an electronic signature is used, once signed the vouchers cannot be altered. If an electronic or digital signature is used, it needs to follow the DoDFMR and applicable DoD PKI Directives and Instructions. Electronic and digital signatures on any type of financial document must be (1) unique to that person; (2) under that person's sole control or custody; (3) linked to the document certified so that if anything on the document is changed, the electronic signature is invalidated; and (4) capable of being verified by the Disbursing Officer.

7.3.11. The originating activity which prepares, reviews, and approves the SF 1081 is responsible for maintaining adequate supporting documentation showing that the individual signing as authorizer/certifier is duly authorized to do so and meets the thresholds outlined in Section 9.2 of this procedure. For DFAS personnel signing as authorizer/certifier, a DD Form 577 must be on file indicating what documents and thresholds the individual is authorized to certify.

8. POINTS OF CONTACT

The point of contact (POC) for questions concerning this SOP is John Luckas, Deputy Director - Cleveland Accounting Operations, who may be reached at 216-522-5136 or e-mail at john.luckas@dfas.mil.

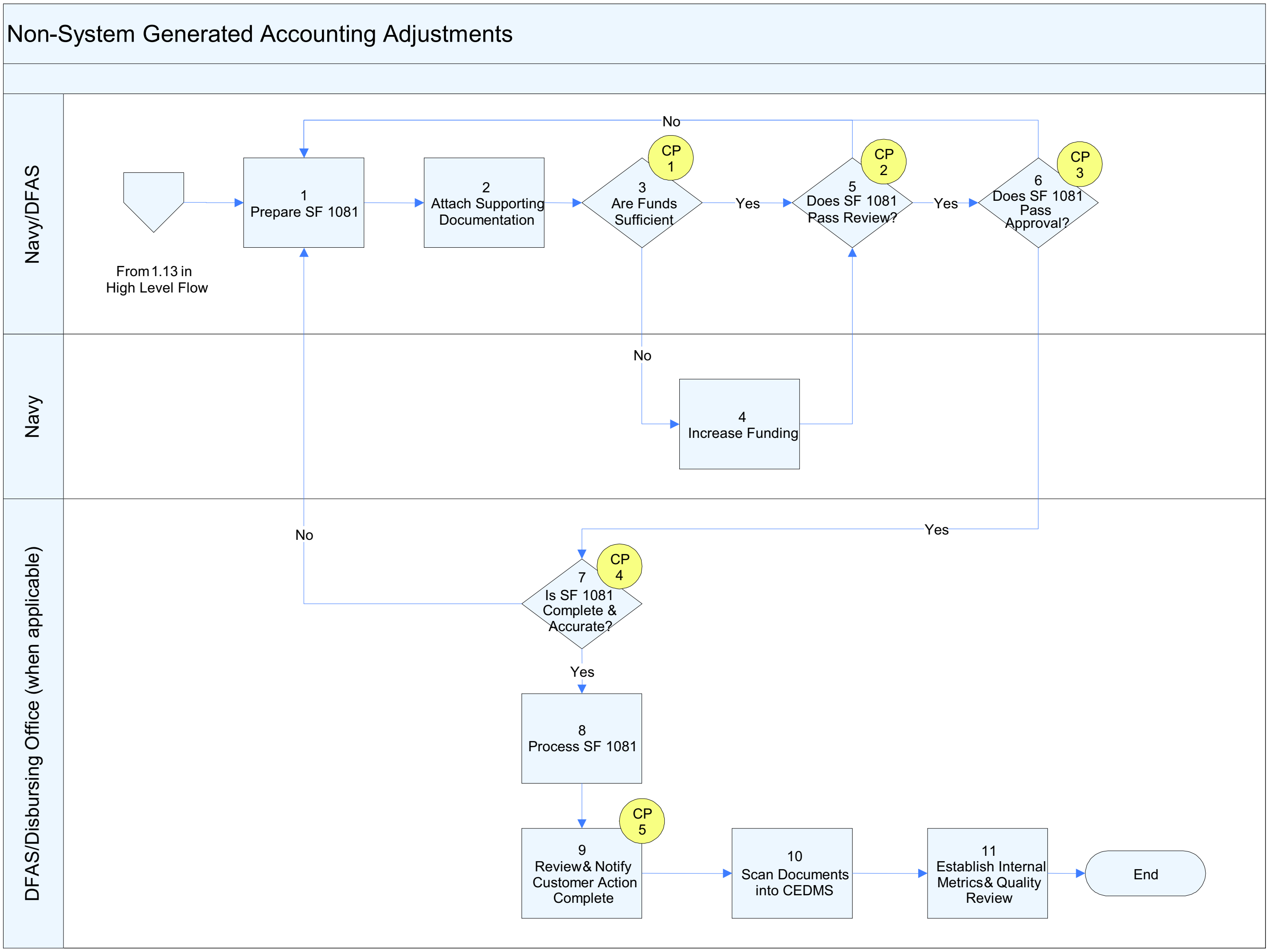
9. APPENDICES & ILLUSTRATIONS

9.1. Flowchart for SF 1081

9.2. Approval Threshold and Checklist for SF 1081

9.3. SF 1081: Preparation Guidance & Example of Completed SF 1081

9.1. Flowchart for SF 1081


Non-System Generated Accounting Adjustments
Navy/DFAS
Navy
DFAS/Disbursing Office (when applicable)
From 1.13 in High Level Flow
1 Prepare SF 1081
2 Attach Supporting Documentation
3 Are Funds Sufficient
CP 1
Yes
No
5 Does SF 1081 Pass Review?
CP 2
Yes
6 Does SF 1081 Pass Approval?
CP 3
No
4 Increase Funding
Yes
No
7 Is SF 1081 Complete & Accurate?
CP 4
Yes
8 Process SF 1081
9 Review& Notify Customer Action Complete
CP 5
10 Scan Documents into CEDMS
11 Establish Internal Metrics& Quality Review
End

SF 1081 Internal Control Points

- **CP 1 –** Preparer determines if sufficient funds at the obligation level are available prior to the adjustment being processed.
- **CP 2 –** (Optional) Review process ensures segregation of duties and helps ensure the SF 1081 was prepared appropriately with supporting documentation.
- **CP 3 -** Approval/certification process ensures segregation of duties and helps ensure the SF 1081 was prepared appropriately with supporting documentation.
- **CP 4 –** DFAS ensures that the SF 1081 received from Navy is properly prepared and supported prior to processing.
- **CP 5** – DFAS ensures that the SF 1081 processed correctly before notification to the customer that the action is complete.

9.2. Approval/Certifier Thresholds and Checklist for SF 1081

The approval thresholds and guidance established for Journal Vouchers in the DoDFMR Volume 6A, Chapter 2, will be followed for accounting adjustments prepared on the SF1081. Using those concepts, the approver/certifier is responsible for the following Internal Controls to ensure the SF 1081s are:

1. Reviewed to ensure proper recording to posting accounts.

2. Adequately documented to support the validity and the amount of the accounting adjustment transaction.

3. Authorized and approved at the appropriate level of management by the appropriate director or designee. The organizational level within accounting centers, accounting stations, finance offices, and other accounting locations at which accounting adjustments shall be approved varies by the dollar amount of the voucher, as shown in tables below. **Within each of the listed thresholds, other approval/certification thresholds with lower dollar values than those specified in the table below may be established to accommodate the organizational level of those preparing the accounting adjustment.** Approving/certifying officials may delegate their authority in writing to lower-level supervisory or other duly authorized officials. This delegation does not relieve the delegating official of their approval authority responsibilities.

4.

THRESHOLD CATEGORIES		
THRESHOLD	***DOLLAR AMOUNT***	***APPROVING/CERTIFYING OFFICIAL***
1	Under $100 Million	Branch Chief or Equivalent
2	$100 - $500 Million	Supervisor of Branch Chief or Equivalent
3	Over $500 Million - $1 Billion	Director for Accounting or Finance or Equivalent
4	Over $1 Billion	Site Director or Equivalent

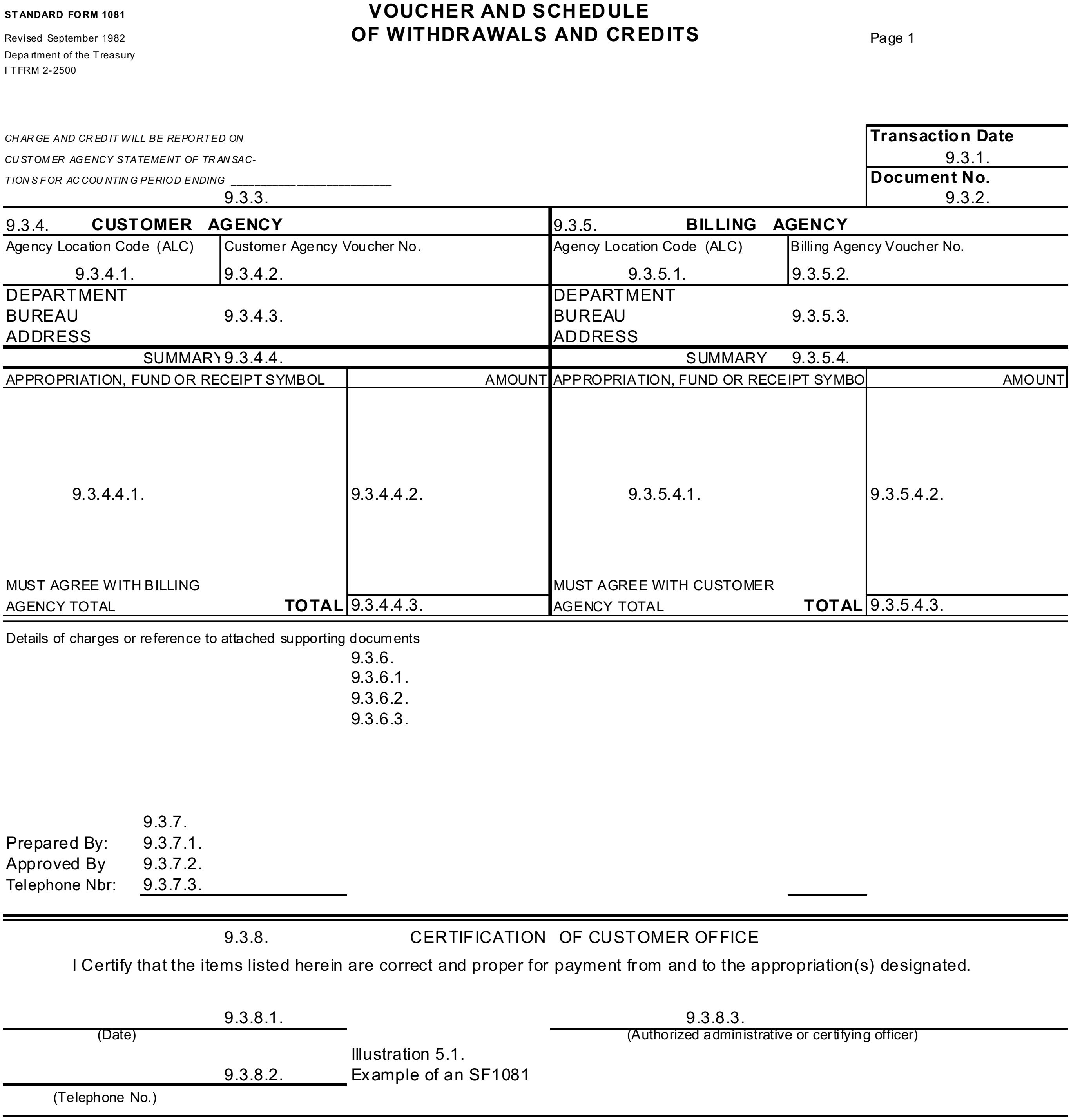
5. Processed under procedures which ensure that the duties for preparing, documenting, submitting, approving, and entering or posting are separated to the maximum extent possible. The preparer and approver/certifier cannot be the same person.

6. Annotated with the name, title, and office symbol of both the preparer and the approver/certifier.

7. Maintained in a central location in either a hard copy or in an electronic form.

8. Retained in accordance with records retention guidance contained in DoDFMR Volume 1, Chapter 9.

9.3. SF 1081: Preparation Guidance & Example of Completed SF 1081



STANDARD FORM 1081
Revised September 1982
Department of the Treasury
I TFRM 2-2500

VOUCHER AND SCHEDULE OF WITHDRAWALS AND CREDITS

Page 1

CHARGE AND CREDIT WILL BE REPORTED ON CUSTOMER AGENCY STATEMENT OF TRANSACTIONS FOR ACCOUNTING PERIOD ENDING ____________
9.3.3.

Transaction Date 9.3.1.
Document No. 9.3.2.

9.3.4. **CUSTOMER AGENCY**			9.3.5. **BILLING AGENCY**	
Agency Location Code (ALC) 9.3.4.1.	Customer Agency Voucher No. 9.3.4.2.		Agency Location Code (ALC) 9.3.5.1.	Billing Agency Voucher No. 9.3.5.2.
DEPARTMENT BUREAU ADDRESS	9.3.4.3.		DEPARTMENT BUREAU ADDRESS	9.3.5.3.
SUMMARY 9.3.4.4.			SUMMARY 9.3.5.4.	
APPROPRIATION, FUND OR RECEIPT SYMBOL	AMOUNT		APPROPRIATION, FUND OR RECEIPT SYMBO	AMOUNT
9.3.4.4.1.	9.3.4.4.2.		9.3.5.4.1.	9.3.5.4.2.
MUST AGREE WITH BILLING AGENCY TOTAL **TOTAL**	9.3.4.4.3.		MUST AGREE WITH CUSTOMER AGENCY TOTAL **TOTAL**	9.3.5.4.3.

Details of charges or reference to attached supporting documents
9.3.6.
9.3.6.1.
9.3.6.2.
9.3.6.3.

9.3.7.
Prepared By: 9.3.7.1.
Approved By 9.3.7.2.
Telephone Nbr: 9.3.7.3.

9.3.8. CERTIFICATION OF CUSTOMER OFFICE

I Certify that the items listed herein are correct and proper for payment from and to the appropriation(s) designated.

9.3.8.1.
(Date)

9.3.8.3.
(Authorized administrative or certifying officer)

9.3.8.2.
(Telephone No.)

Illustration 5.1.
Example of an SF1081

Note: The SF 1081 may vary in appearance but should contain all the appropriate information, either on the form or in the supporting documentation.

9.3.1. Transaction Date. Enter the date that the SF 1081 is prepared (e.g. September 15, 2009). This is a required field.

9.3.2. Document Number. Enter a logical and unique number to represent the adjustment document. This is an optional field.

9.3.3. Accounting Period Ending. Enter the appropriate ending date for the accounting period in which the adjustment will appear on the financial records of the activity (e.g. September 2009). This is an optional field.

9.3.4. Customer Agency column.

9.3.4.1. Agency Location Code (ALC). The ALC field must be completed. The ALC is a DSSN under which the accounting adjustment is processed.

9.3.4.2. Customer Agency Voucher Number. The Voucher Number is required, but this will be generated automatically by the accounting system and added to the supporting documentation when the transaction is processed by DFAS. For most requests, it is not possible to determine the Voucher Number before the form is certified, so leave this field blank or put "See Attachment" here. If the Voucher Number is not generated automatically, such as with a DCAS upload, then enter the Disbursing Office Voucher Number (DOV) for the correcting transaction here.

9.3.4.3. Customer Agency Department/Bureau/Address. This field must be completed to show the name and address of the activity receiving the disbursement side of the SF 1081 (debit).

9.3.4.4. Customer Agency "Summary" column. This column is similar to the left side of a "T" account. Use this column as the DEBIT side of the "T" account. The Billing Agency "Summary" column will be the CREDIT side.

9.3.4.4.1. Customer Agency "Appropriation, Fund or Receipt Symbol" field. Enter the LOA that is being adjusted/billed to, along with the SDN. This will be the new/old appropriation being charged/corrected. The full LOA may not fit on one line in the summary column as the column is narrow. A typical Navy LOA is:

AA 1781804.4A4A 000 00204 0 068566 2D 000000 FP5153456700 N0020408MD56700

Care should be taken to make sure that all of the characters of each element of the LOA are included. It is also critical to show the applicable SDN associated with the LOA. It is recommended that you "break" the LOA using the following format so it will fit. For example:

AA 1781804.4A4A 000 00204 0
068566 2D 000000 FP5153456700
N0020408MD56700

*Note – The example is for a Navy appropriation. If another agency's appropriation is identified, use source documentation for input.

If there are multiple LOAs and corresponding dollar amounts, these must be shown separately in this column.

In some cases, the number of LOAS may exceed the space available here. In those instances, an attached supporting document can be used to show this information and the user would annotate here "See attached supporting listing of LOAs." The attached supporting document must show the applicable LOA, SDN, and dollar amount for each item listed. The amounts on the supporting document must reconcile back to the Total amount shown in block 9.3.4.4.3.

9.3.4.4.2. Customer Agency "Amount" field. Enter the amount of each debit transaction. See 9.3.4.4.1 for how to handle multiple LOAs with multiple dollar values using a supporting document to the SF 1081.

9.3.4.4.3. Customer Agency "Total" field. Enter the total of all amounts in the Customer Agency "Amount" column. This amount must agree with the Billing Agency "Total" field. This is a required field.

9.3.5. Billing Agency column.

9.3.5.1. Agency Location Code (ALC). The ALC field must be completed. The ALC is a DSSN under which the accounting adjustment is processed.

9.3.5.2. Billing Agency Voucher Number. This is the same as the Customer Agency Voucher Number. The Voucher Number is required, but this will be generated automatically by the accounting system and added to the supporting documentation when the transaction is processed by DFAS. For most requests, it is not possible to determine the Voucher Number before the form is certified, so leave this field blank or put "See Attachment" here. If the Voucher Number is not generated automatically, such as with a

DCAS upload, then enter the Disbursing Office Voucher Number (DOV) for the correcting transaction here.

9.3.5.3. Billing Agency Department/Bureau/Address. This field must be completed to show the name and address of the activity receiving the collection side of the SF 1081 (credit).

9.3.5.4. Billing Agency "Summary" column. This column is similar to the right side of a "T" account. Use this column as the CREDIT side of the "T" account. The Customer Agency "Summary" column will be the DEBIT side.

9.3.5.4.1. Billing Agency "Appropriation, Fund or Receipt Symbol" field. Enter the LOA that is being credited along with the SDN. Similar requirements and guidelines as noted in paragraph 9.4.4.4.1 apply here.

9.3.5.4.2. Billing Agency "Amount" field. Enter the amount that is being credited. Similar requirements and guidelines as noted in paragraph 9.3.4.4.2 apply here.

9.3.5.4.3. Billing Agency "Total" field. Enter the total of all amounts in the Billing Agency "Amount" column. This amount must agree with the Customer Agency "Total" Field. This is a required field.

9.3.6. Details of Charges or Reference to Attached Supporting Documents field.

9.3.6.1. Describe in detail the reason(s) for the adjustment. A reason is required. If the reason is provided in the supporting documentation, then make a note of that here.

9.3.6.2. Enter the voucher number, DSSN, and date of voucher that is being corrected. If this information is provided in the supporting documentation, then add a "See Attachment" note here.

9.3.6.3. Include a statement that supporting documents/vouchers are attached, if appropriate.

9.3.7. Billing Agency Contacts. Complete the following fields.

9.3.7.1. Prepared By. This is the typed or printed name of the person who prepared the SF 1081. If space allows, provide a phone number to contact the preparer.

9.3.7.2. Approved By. This is the typed or printed name of the person who approved the SF 1081. This is an optional field. If the approver’s signature is left blank, then the certifying officer acts as the approver and certifier.

9.3.7.3. Telephone Number. This is the telephone number of the person who approved the SF 1081. Provide a phone number to contact the approver.

9.3.8. Certification of Customer Office. Complete the following fields:

9.3.8.1. Date. This is the date on which the certifying/authorizing official signed the SF 1081 or when it was approved and release into the system.

9.3.8.2. Telephone Number. This is the telephone number of the person who certified the SF 1081. Provide a phone number to contact the certifying officer.

9.3.8.3. Authorized Administrative or Certifying Official. The authorized administrative or certifying official must manually or digitally sign the prepared SF 1081. The typed or printed name of this individual should also appear directly below his/her signature on manually prepared documents.

9.3.9 Example of Completed SF 1081

STANDARD FORM 1081
Revised September 1982
Department of the Treasury
I TFRM 2-2500

VOUCHER AND SCHEDULE
OF WITHDRAWALS AND CREDITS

Page 1

CHARGE AND CREDIT WILL BE REPORTED ON CUSTOMER AGENCY STATEMENT OF TRANSACTIONS FOR ACCOUNTING PERIOD ENDING _______August 2008___________________

Transaction Date 19-Aug-08
Document No.

CUSTOMER AGENCY		**BILLING AGENCY**	
Agency Location Code (ALC) B8522	Customer Agency Voucher No. See attachment	Agency Location Code (ALC) B8522	Billing Agency Voucher No. See attachment
DEPARTMENT	NSWC Crane	DEPARTMENT	NAVAL AIR SYSTEMS CMD GEN FUNDS ERP
BUREAU	WARFARE CENTER	BUREAU	NAVAL AIR SYSTEMS CMD HEADQUARTERS
ADDRESS	300 Highway 361 CRANE, IN 47522-5001	ADDRESS	47123 BUSE ROAD NAVAL AIR STATION PATUXENT RIVER, MD 20670-5000

SUMMARY		SUMMARY	
APPROPRIATION, FUND OR RECEIPT SYMBOL	AMOUNT	APPROPRIATION, FUND OR RECEIPT SYMBOL	AMOUNT
AC 97 X 4930 NH1J 000 77777 0 000164 2F 000000 82824B82MM14 1007 N0016406P1306	$2,420.00	AA 17 06 08 1506 U6JC 311 00019 0 050119 2D 000000 AIR30E128P00 1007 N0016406P1306	$2,420.00
MUST AGREE WITH BILLING AGENCY TOTAL **TOTAL**	$2,420.00	MUST AGREE WITH CUSTOMER AGENCY TOTAL **TOTAL**	$2,420.00

Details of charges or reference to attached supporting documents

Original DOV/DSSN is DOV 7AAEVN2 and DSSN B8522 from February 2007, invoice 311930 was certified incorrectly per the contract. CLIN information was also entered incorrectly into the entitlement system. Requested by Ellen Reeves in contract close out at NSWC Crane.

Prepared By: Sarah Smith
(216) 555-1234
Approved By William Jones
Telephone Nbr: (216) 555-3456

CERTIFICATION OF CUSTOMER OFFICE

I Certify that the items listed herein are correct and proper for payment from and to the appropriation(s) designated.

8-19-08
(Date)

David Marks
(Authorized administrative or certifying officer)

(216) 555-6789
(Telephone No.)